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Wisconsin Proposals 6/1

Next steps

- Finance team to look at impact to the business for both Option 1 and 2. Assume we're charging a % (doesn't matter how much)
- Business team to define the 2-3 scenarios where we can limit the ruling where Tim, Phil, and Legal are comfortable with
 - What will we allow them to do, and where will we allow them to do it
- Figure out a system of collection from link outs
- Eddy to follow up with Luca on collections
- What will meet the spirit of the decision while making it possible to review and validate them
 - What level of restriction is reasonable on language and designs
- Come up with a couple of models in the spectrum of what we think the judge will accept. Start with the minimum.
- Who should decide? Phil, Legal, someone else on opposite ends of goal posts

Notes

- July 5th is the compliance date. This is when we need to go before the court and explain how we plan to comply

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Options

- We have the Japan reader rules with processes and rules about linking out
- We'd like to strike the language in the guidelines, but we'd like to replace it . E.g create process to protect users
- Both options assume guidelines around languages, review process, interstitial sheet
- We're proposing you can have text that we check, you can also have a link and button to go there.
- One way to do that, is use a standard industry format link and a standard industry link out

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- Why is this better than the DMA?
 - We're charging for the platform fee which has nothing to do with linking out to a store
 - This might be perceived like we're trying to charge for what happens on the internet
- There is value we're providing by accessing to the customer. There's clearly IP being used by devs to attract the customer
 - And this is the case today, and we don't charge for it
 - We don't charge for ads in app
 - Isn't this more aligned with offering an alternative payment method? No, it's different, b/c we're limiting it in-app.

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- We're charging for the IP and marketplace traffic that makes your app have demand.

U.S. District Court - NDCAL
4:20-cv-05640-YGR-TSH
Epic Games, Inc. v Apple Inc.
Ex. No. **CX-1104**
Date Entered _____
By _____

APL-EG_10682416

APL-EG_11500159

- Seems like adding a link is like advertising (e.g. bulletin board).
- If we charge a commission, then we have to limit placement and language

Language of Decision

- Last point: even in a model when a dev is providing a link out, we're entitled to offer IAP

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- We're still providing the marketplace, reviewing the app, distribution today
- In the land of public opinion, some feel we're going to get bad press for charging a commission
- We've done it under the circumstance that you can't market it in the app
- It seems reasonable for the provider of services to be compensated regardless of the %
- The problem is it's not consistent - we already don't charge for in app ads, etc. where we're already providing value
- It's not going to go over well in the dev community if we're providing value in other instances, and decide to charge for some, but not others
- How much can we limit what devs do with the text and links?
- Legal agrees Attorney Client Privilege
- We have flexibility to go back and argue on placement, user experience, keep it from being confused with IAP

Option 2 - charging a commission

- How will the public view this?
- If you want to charge a commission, you have to give them better placement
- If you don't charge a commission, you need to lock it down to a plain url link and internet style "button"

When do we have to decide?

- Depend on the restrictions we want to apply?
- Commission vs. no commission we have to work with the finance team to collect based on dev reports
- There are accounting systems, tooling systems, policies that will need to change in 1 month
 - We need to pick pretty soon or we'll run out of days
- If we came back with an alt payment option we'd need to modify the injunction
- It seems like we're providing a lot of value even when we're allowing links
 - We need to quantify the value and tie it to the commission rate; and we'd need to take the commission down. It needs to be something scalable.

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- The decisions we've made about what to charge for, were made under a different set of rules. Times have changed. It seems like we can reevaluate how to view the things we charge for and don't